

# Fiscal Services Division Legislative Services Agency Fiscal Note

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HF 627 - Mental Health & Substance Abuse Insurance Parity (LSB 3200 HV.1)  
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Fiscal Note Version - Revised

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## **Description**

House File 627 creates Chapter 514C.21, Code of Iowa, and requires that a group policy, contract, or plan providing for third-party payment or prepayment of health, medical, and surgical expenses must provide coverage benefits for biologically based mental illness under the policy, contract, or plan, delivered, issued for delivery, continued, or renewed in Iowa on or after January 1, 2004.

Biologically based mental illness means a psychiatric illness including schizophrenia, bipolar disorders, obsessive-compulsive disorders, pervasive developmental disorders, and autistic disorders.

## **Assumptions**

1. The Bill will be effective for policies, contracts, or plans, delivered, issued for delivery, continued, or renewed in Iowa on or after January 1, 2005.
2. Total FY 2005 State employee Managed Care Organization (MCO) health and medical costs would be approximately \$63.4 million, not including members of the State Peace Officers Council, and employees on a Managed Care Organization (MCO) plan not on central payroll, which includes the Professional and Scientific staff at the Board of Regents.
3. Total central payroll plan costs would increase an estimated 0.4% in FY 2005 due to the benefit increase.
4. Six months of FY 2005 will be impacted.
5. Biologically based mental illness costs will increase at the same rate as other medical condition costs.
6. Only Managed Care Organization (MCO) premiums increase.
7. Wellmark plans have benefits equal to benefit levels provided in the Bill.
8. The FY 2005 costs will increase by 15.0% compared to FY 2004, without any changes in benefits.
9. The FY 2006 costs will increase by 15.0% compared to FY 2005, without any changes in benefits.
10. The General Fund share will be 43.0%, the non-General Fund share will be 55.0%, and the employee share will be 2.0%.
11. The amount paid by Medicaid for people who are suffering from biologically based mental illness, as defined in the Bill, because their private insurance does not provide sufficient coverage, is unknown.
12. The percentage of premiums paid for by the employees of the Board of Regents is unknown.
13. The Board of Regents offers several policies with the typical policy offering fewer than 30 days for inpatient visits and 52 days for outpatient visits for mental health services.
14. The Board of Regents offers several policies with the typical policy providing a 50.0% benefit for mental health services versus 90.0% for other services.

## **Fiscal Impact**

The estimated fiscal impact of HF 627 is as follows:

### **Central Payroll Staff**

House File 627 would cost the General Fund an estimated \$112,000 in FY 2005 and \$128,000 in FY 2006, due to the increase in benefits for central payroll staff.

The non-General Fund share of costs, excluding the employee share, would increase by \$143,000 for FY 2005, and \$164,000 for FY 2006, due to the increase in benefits for central payroll staff.

The employee share of the increase would be \$6,000 for FY 2005 and \$7,000 for FY 2006, due to the increase in benefits for central payroll staff.

### **Board of Regents Staff**

House File 627 would increase the cost for the Board of Regents, including employee costs, by \$1.6 million for FY 2005 and \$1.7 million for FY 2006.

## **Sources**

Department of Personnel  
Wellmark Blue Cross and Blue Shield of Iowa  
Board of Regents

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Dennis C Prouty

March 1, 2004

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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